

NEWS RELEASE

FOR IMMEDIATE RELEASE
DECEMBER 6, 2001

CONTACT: GLENN BRIERE
(617) 727-6200, EXT. 123

DeNUCCI SAYS UNWISE LAND PURCHASE COSTS MASSPORT MILLIONS OF DOLLARS

State Auditor Joe DeNucci today called on the Massachusetts Port Authority to revise its real estate acquisition and development policies after issuing a report revealing that two parcels of hastily acquired Massport-owned waterfront property went largely unused for nearly 15 years.

As a result, DeNucci said, Massport unnecessarily spent \$12 million to acquire, clean up and maintain the property. To illustrate the financial impact on Massport, the authority would have earned \$14 million in interest income had these funds instead been invested in traditional securities.

The land located in Charlestown, known as the Medford Street Terminal and formerly the site of the Revere Sugar Terminal, was originally acquired by Massport to preserve and control the land for industrial use related to the Port of Boston. However, DeNucci's report disclosed that the property was purchased without a development plan and at a price greater than recommended by its staff as well as the property's true value. Subsequent efforts to utilize the land were mostly unsuccessful, partly because the buildings on the property contained asbestos.

Finally, in November 2000, Massport began using the Medford Street Terminal for storage of imported automobiles under a lease with Boston Autoport. The authority is also leasing eight acres to Raytheon Engineers and Constructors, Inc.

Nevertheless, according to DeNucci's audit, it is unlikely that Massport will ever be able to recover the money it spent on the property. Although the leases are expected to generate approximately \$2 million in income over the next two years, DeNucci said there is no guarantee that this revenue will be available after the leases expire.

DeNucci recommended that Massport consider selling the property to recover some of its costs and allowing the private sector to develop the land.

-more-

Several other recent DeNucci audit reports have been critical of spending priorities at Massport. DeNucci has also questioned the construction of an underutilized \$13 million parking garage near Logan International Airport, the development of a money-losing conference center on the Boston Fish Pier, contributions to groups with no relation to Massport's mission, and questionable administration travel expenses.

DeNucci said his findings are consistent with recommendations by the Governor's Special Advisory Task Force on Massport which called for more effective land use at the Port.

"It is clear from my audits, as well as the conclusions of the Governor's Special Commission, that Massport has spent too much time and money on activities that have little or no relation to its primary mission of running the airports and the seaport," said DeNucci. "With the recent focus on Massport's problems, this is an ideal time for the authority to reevaluate its land acquisition and spending policies so it can make more cost effective use of its resources."

